

### Kucinich Reacts to Credit Card Anticompetitive Settlement

Kucinich Subcommittee to Release Report on Banks and Forced Arbitration

Washington D.C. (October 5, 2010) -- Domestic Policy Subcommittee Chairman Dennis Kucinich (D-OH) today made the following statement after Visa and MasterCard settled a lawsuit with the U.S. Justice Department over anticompetitive practices. The settlement allows merchants more freedom to choose which forms of payment they will accept. American Express did not agree to the settlement and will continue to fight the Justice Department.

“This settlement is one step in the right direction. For years, MasterCard and Visa have prohibited merchants from offering discounts for purchases made with cash. The result was that consumers who paid with cash were subsidizing the benefits of wealthier customers who paid with their ‘rewards’ cards.

“This settlement will allow merchants to offer their customers a discount for using cash. It should

result in lower prices. It should also benefit small merchants who were actually losing money on sales of inexpensive items that were paid for with Visa or MasterCard. I am disappointed that American Express chose not to participate in this settlement and will continue to litigate to preserve its power to prohibit its merchants from offering cash discounts,” said Kucinich.

Kucinich’s Domestic Policy Subcommittee conducted an investigation into a related issue called forced arbitration. Days before the Subcommittee’s July 2009 hearing, the State of Minnesota announced settlement of its fraud charges against the National Arbitration Forum, which agreed to close its doors. The largest provider of arbitration services, the American Arbitration Association, agreed with the Subcommittee’s request to discontinue debt collection arbitrations in NAF’s absence, after the Subcommittee showed them that their method of conducting arbitrations lacked critical elements of fundamental fairness and due process.

After Kucinich’s investigation and subsequent correspondence, seven of the nation’s largest credit-card issuing banks voluntarily abandoned their requirement that consumers waive their legal rights and consent to forced arbitration of claims, including debt collection.

On Thursday, the Domestic Policy Subcommittee will release a chart that graphically portrays major banks and to the extent that they require their customers to sign away their legal rights as a precondition of doing business.

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